



**MULTICHANNEL COMMUNICATION SCIENCES, INC.**

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EX PARTE OR LATE FILED

Ron D. Katznelson, Ph.D.  
President

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August 23, 1993

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: **Multichannel Communication Sciences, Inc.**  
Ex parte Notice in MM Docket No. 92-266

Dear Mr. Caton:

Multichannel Communication Sciences, Inc. ("MCSI"), pursuant to the ex parte requirements of Commission Rules 1.1202, 1.1203 and 1.1206(a), 47 C.F.R. §§ 1.1202, 1.1203 and 1.1206(a), hereby advise the Commission that an ex parte telephone conversation was held by MCSI on August 23, 1993, with Mr. William H. Johnson, Deputy Chief (Policy), Mass Media Bureau of the Commission in connection with MCSI's Petition for Reconsideration in the Rate Regulation MM Docket No. 92-266 and in connection with MCSI's Comments in the Consumer Electronics Compatibility ET Docket No. 93-7.

The phone conference with Mr. Johnson reviewed his witnessing MCSI's Digital Broadband Descrambler ("DBD") prototype demonstration at the National Cable Television Association's annual show in San Francisco and the functional equivalence of a DBD subscriber unit and a plurality of set-top descramblers operating simultaneously on various channels to serve one household.

MCSI further explained that it's Petition for Reconsideration of the rate benchmarks filed on June 21, 1993 in this Docket, urges the Commission to establish incentive benchmark increments to rate charged for Cable Programming Service tiers that are supplied simultaneously in the clear (SCATS increments<sup>1</sup>). Because operators may increase scrambling of Cable Programming Service channels, the proposed SCATS increments in permitted charges would be lower than alternative charge increases to subscribers if such tiers of service are not SCATS and thus require the monthly rental of multiple set-top descramblers and related remote controls. It was also explained that the mere offering of clear channels would not qualify for SCATS increments. It is proposed<sup>2</sup> that in order to qualify for the SCATS increment, access to such channels and tiers must be addressable and no buy-through requirements of these tiers in order to purchase other services will be permitted. In keeping with all provisions of the Cable Act, this qualifying condition provides an extra consumer protection measure, as it assures that subscribers purchase only what they want.

<sup>1</sup> See definition of Simultaneously Clear Addressable Tiered Service ("SCATS") in MCSI's Petition for Reconsideration at 4.

<sup>2</sup> See MCSI Comments and Reply Comments in ET Docket No. 93-7

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Apart from such considerations of an increment to the Benchmark for Cable Programming Services, MCSI expressed its understanding that the benchmark as presently constructed does permit cable operators to charge equipment rates for DBD subscriber equipment used in the provision of regulated services in the same manner that operators may charge such equipment rates for set-top subscriber equipment.


MCSI explained that although Broadband Descrambling devices may be installed on the side of subscriber homes at a point of entry or inside a nearby pedestal or on a pole, they may be provided as plug-in units during the subscription period required by the subscriber (much like a set-top device is provided to subscribers during the required subscription period). Hence, the utility and functionality of such broadband subscriber equipment is virtually identical to those of set-top descramblers. Therefore, MCSI stated its belief that operators employing these devices deserve equipment cost accounting and rate structure treatment at least as favorable as those afforded to operators utilizing set-top devices. Unlike other cable plant distribution components, DBD modules are installed for individual subscriber locations based on specific subscriber demands.

For the Commission to arbitrarily treat Broadband Descrambling subscriber devices in a manner that differs from that afforded set-top descramblers for the purposes of cost accounting would result in unintended disincentives for cable operators to deploy broadband descrambling technologies that are far more responsive to subscriber needs and to Congress' intent of assuring compatibility as expressed in Section 17 of the Cable Act (§624A).

Mr. Johnson recommended that MCSI reiterate its clarification request in this letter to the Commission, so that the Commission may clarify this issue within this proceeding on the benchmark and price cap rules. Therefore, MCSI hereby respectfully requests that the Commission clarify its rules in this proceeding to expressly provide that subscriber access control equipment installed external to the subscriber home be treated as if it were inside the home for purposes of determining monthly equipment charges.

Any questions regarding this notice should be addressed to the undersigned.

Very truly yours,



Ron D. Katznelson, Ph.D.  
President,  
Multichannel Communication Sciences, Inc.

cc: Mr. William H. Johnson, Mass Media Bureau  
Mr. William Hassinger, Mass Media Bureau  
Mr. Bruce Romano, Mass Media Bureau  
Mr. Hugh Boyle, Common Carrier Bureau  
Mr. Bruce France, Office of Engineering and Technology